

**MINUTES**  
**State Allocation Board**  
**August 27, 2008**

Upon notice duly given, the monthly meeting of the State Allocation Board was held in Room 4203 of the State Capitol in Sacramento, California on August 27, 2008 at 4:00 p.m.

Members of the Board present were as follows:

- Anne Sheehan, Chief Deputy Director, Policy, Department of Finance, designated representative for Michael Genest, Director, Department of Finance
- Scott Harvey, Chief Deputy Director, Department of General Services, designated representative for Will Bush, Director, Department of General Services
- Kathleen Moore, Director, School Facilities Planning Division, California Department of Education (CDE), designated representative for Jack O'Connell, Superintendent of Public Instruction
- Rosario Girard, President and CEO, Phoenix Construction Services, Inc., appointee of Arnold Schwarzenegger, Governor of the State of California
- Senator Bob Margett
- Senator Jack Scott
- Assembly Member Gene Mullin
- Assembly Member Jean Fuller

Members of the Board absent were as follows:

- Senator Joe Simitian
- Assembly Member Kevin de León

Representatives of the State Allocation Board (SAB) were as follows:

Rob Cook, Executive Officer  
Lori L. Morgan, Deputy Executive Officer

Representatives of the Department of General Services, Office of Public School Construction (OPSC), were as follows:

Rob Cook, Executive Officer  
Lori L. Morgan, Deputy Executive Officer

Representative of the Department of General Services, Office of Legal Services, was as follows:

Henry D. Nanjo, Assistant Chief Counsel

With a quorum present, Anne Sheehan, Chair, called the meeting to order at 4:10 p.m.

**PRIOR MINUTES**

A motion was made and carried to approve the Minutes for the July 23, 2008 SAB meeting.

## **EXECUTIVE OFFICER'S STATEMENT**

The Executive Officer informed the Board of the following:

### **Six Percent New Construction Grant Adjustment**

At the May 2008 SAB meeting, the Board approved a six percent increase to the new construction grant. In the Consent calendar portion of the agenda, two charter school applications converted their preliminary apportionments in 2008 and are presented for the six percent increase. These represent the final two projects held open by the Board for this purpose.

### **Career Technical Education Facilities Program**

The final filing date for the Career Technical Education Facilities Program was April 30, 2008. Districts filed 290 applications. These applications require an extensive staff review. These projects will be presented for funding at the December 2008 SAB meeting.

### **Critically Overcrowded Schools Program**

The final conversion applications for the Critically Overcrowded Schools (COS) Program for projects that received an extension in October 2007 are due by August 27, 2008. The final conversion applications for projects apportioned in October 2004 are due by October 27, 2008.

Statute requires the transfer of surplus COS funds to new construction. An item transferring the remaining funds will be presented to the Board in early 2009.

### **New Financial Hardship Review Checklists**

The OPSC worked with representatives from school districts and county offices of education to develop process improvements for Financial Hardship (FH) Program reviews. Beginning September 1, 2008, the OPSC will implement newly revised FH checklists, which define the necessary documentation the OPSC requires for FH reviews. Additionally, a two-tier review process for the FH Program will be implemented.

The new checklists and review process will provide the following benefits:

- a more streamlined review process;
- clearer definition of required documentation to be submitted;
- the use of up-to-date documentation and an expedited review by the OPSC;
- reduced workload for both applicants and the OPSC; and
- improved response and completion time for FH reviews.

These process improvements work within the current FH regulations. Additionally, this workgroup has been developing proposed FH regulations that will be presented at the September Implementation Committee meeting. The checklists are available on the OPSC Web site.

### **Regulation Update**

The Office of Administrative Law approved the amendments to the Joint-Use Program regulations on August 14, 2008. The amended regulations change the filing deadline to March 1 and reform the participation of non-profit organizations as joint-use partners. The regulations are available on the OPSC Web site.

**EXECUTIVE OFFICER'S STATEMENT** (cont.)**Overcrowding Relief Grant**

The second funding cycle for the Overcrowding Relief Grant Program closed on July 31, 2008. Districts filed 14 applications seeking approximately \$235 million. Staff expects to present these applications for funding at the December 2008 SAB meeting. More than \$700 million will be available for the third round closing on January 30, 2009.

**COMMENTS**

A Board member inquired about the FH checklists and recommended presentation at the Implementation Committee. Another Board member commented it was good public policy to vet the introduction of policy changes but that process changes were a different matter. Given the expressed interest, staff indicated it would report back on the FH checklists after the Committee meeting.

Mr. Tom Duffy, representing the Coalition for Adequate School Housing (CASH) organization, addressed the Board concerning vetting changes to the FH Program at the Implementation Committee and clarified that if a district loans money from one fund to another, it must restore those funds before the end of the year.

A Board member commented that since the Joint-Use Program regulations are now in effect with the new submittal deadline of March 1, 2009, the applicant districts must have their projects submitted to the CDE by February 1, 2009.

**CONSENT ITEMS**

The Chair reminded the audience that the Board will take action to provide the six percent increase for two charter school applications that converted their preliminary apportionments in 2008. Upon the Board's approval of the Consent calendar, these projects will be considered to have received a full and final apportionment. All future new construction apportionments are approved as full and final since the Board took the 2008 action concerning grant adequacy. A motion was made and carried to approve the Consent calendar as presented.

**FINANCIAL REPORTS*****Status of Funds***

The Deputy Executive Officer presented the Status of Funds report and noted that the Board apportioned \$275 million representing 335 projects. The Board discussed high performance school funding and asked what has been done concerning outreach efforts. The Executive Officer stated that there is a coordinated effort between the OPSC and the Division of the State Architect (DSA) to hold round table sessions to pull together experts in a variety of fields in order to prepare a guidebook to help school districts to evaluate their choices in high performance. The guidebook will be presented in December at the California Green Schools Summit. Further, it was stated that the December SAB meeting will be held in Anaheim in conjunction with the California Green Schools Summit. The Board accepted the Status of Funds report as presented.

**SPECIAL CONSENT ITEMS*****State Relocatable Classroom Program Lease Extension Requests***

In considering this item, the Board approved the staff's recommendations.

**SPECIALS/APPEALS*****Special Education Grants***

Mr. Juan Mireles, representing the SAB staff, presented this item to the Board. Ms. Anna Ferrera, representing the County School Facilities Consortium, addressed the Board commenting that a permanent solution is needed for the Special Day Class grant increases. A Board member stated that Assembly Bill 100 (Mullin) proposes a remedy to address this issue. In considering this item, the Board approved the staff's recommendation.

***Los Angeles Unified/Los Angeles 50/64733-00-119, 123, 127, & 131***

This item was postponed to the September SAB meeting at the Board's request.

**REPORTS*****Discussion Item Postponement/Withdrawal Frequency***

Ms. Katrina Valentine, representing the SAB staff, presented this item to the Board. A Board member commented that the postponement/withdrawal procedures should not change but suggested a quarterly report so the Board can monitor its own performance. Another Board member indicated that school districts and the Board be given a fair and reasonable chance to review the items. The Chair requested that the Board continue to monitor the postponement/withdrawal frequency and work in the spirit of cooperation. The Board accepted the report.

***School Facility Program Accessibility and Fire Code Requirements on Modernization Projects***

Mr. Dave Walrath, representing the Small School Districts Association (SSDA), addressed the Board and thanked staff for working with the SSDA on this issue. The Executive Officer indicated that the trial of the 60 percent option was a success and delivers more funding for accessibility and fire code compliance where it is needed. The Executive Officer proposed that staff begin work on regulatory amendments to replace the three percent option and that the proposed amendments would be presented to the Implementation Committee for discussion. A Board member inquired about seismic retrofit funds. The Executive Officer responded that the OPSC has coordinated with the State Architect and understands that the DSA will be conducting targeted outreach. It is anticipated that the seismic projects will be moving forward soon. In considering this item, the Board accepted the report and requested staff to work on proposed amendments for presentation at the Implementation Committee and at a future SAB meeting.

**INFORMATION/REFERENCE**

***SAB Meeting Dates for the Remaining Calendar Year 2008***

***School Facility Program Workload List – Applications Received Through August 14, 2008***

***Deferred Maintenance Program Unfunded List as of July 23, 2008***

***Emergency Repair Program – Applications Received Through August 11, 2008***

***Facility Hardship/Rehabilitation Approvals Without Funding List as of July 23, 2008***

**MISCELLANEOUS**

The Chair of the Board informed the audience that the October SAB meeting will be moved to October 29, 2008, and the December SAB meeting will be held on December 10, 2008 in Anaheim in conjunction with the California Green Schools Summit.

Mr. Tom Duffy, representing the CASH organization, addressed the Board stating that this was the tenth year anniversary of Senate Bill (SB) 50, which established the School Facility Program. Mr. Duffy encouraged the Board and related State agencies to return to the spirit of SB 50 and referenced an issue relating to project classroom count.

A Board member raised the issue of the Macias Report and inquired if the Board ever took an official position. Four Board members stated that they wanted closure on the Macias Report and a concern was raised about the Report being utilized. The SAB's legal counsel stated that the Board previously did not take action on the Report; therefore, it is already on record that the Report has not been accepted by the Board. However, if the Board wishes to reject the Report, reasons for rejection must be cited by the Board. The Board requested that staff agendaize the Macias Report as an action item for the September SAB meeting and to provide the Board members a copy of the Report and related transcripts and minutes in advance of the September SAB meeting.

**ADJOURNMENT**

There being no further business to come before the Board, the Chair adjourned the meeting at 5:28 p.m.

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**ROB COOK, Executive Officer**